recommendations. The Government has already announced a relief package on 13th July, 2007 for exporters comprising enhanced Duty Entitlement Passbook (DEPB) rates, reduction in Export Credit Guarantee Corporation (ECGC) premium, release of Rs. 600 crore for clearing all arrears of terminal excise duty and Central Sales tax reimbursement, enhancement of duty drawback rates and reduction in interest rates on pre and post shipment credit.

Lending to farmers by NABARD

345. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE be pleased to state:

(a) whether NABARD lends to State Apex Cooperative Banks @ 2 ½ per cent interest for finally flowing down to the farmers as agricultural/crop loans *via* the District, Taluk and Village Cooperative Banks;

(b) whether every intermediary bank adds 2-3 per cent interest while lending down-stream;

(c) if so, the details thereof with ultimate rate of interest at which farmer gets loan;

(d) whether to cut down the interest rate, NABARD proposes to directly lend to the fanners by doing away with the intermediary cooperative banks, so that the farmers gets loan @ 2 ½ per cent interest, instead of 18-20 per cent; and

(e) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) During the year 2006-07, NABARD has provided Short Term (Seasonal Agricultural Operations) (ST-SAO) refinance to State Cooperative Banks (SCBs), on behalf of eligible District Central Cooperative Banks (DCCBs), at concessional rates of interest of 2.5% p.a. with interest subvention from Government of India. The condition for availing this refinance is that Cooperative Banks provide crop loans upto Rs. 3.00 lakh per borrower at a rate of interest of 7% per annum. The rate of interest on this concessional refinance has been raised to 3% p.a. for the year, 2007-08.

(b) to (e) NABARD has not prescribed any specific margin to be retained by various tiers of Short Term Cooperative Credit Structure (STCCS). Rate of interest on a loan depends upon several factors *e.g.* cost of fund, transaction cost, risk cost, profit margin, etc. As the crop loans to the ultimate borrower have to be provided at an interest rate of 7%, the margin available to all the three tiers was 4.5% during, 2006-07, which has been reduced to 4% during the year, 2007-08.

NABARD has no proposal to lend directly to the farmers as it does not have the infrastructure and organizational set up to do so.

Differences of farm loan interest

346. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that differences still remain on farm loan interest;

(b) if so, what steps the Ministry has taken in consultation with Ministry of Agriculture;

(c) what future Government have disbursed during the last two years especially in Andhra Pradesh; and

(d) what future steps Government would like to take in giving credit to farmers?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) To ensure that farmers receive Short Term Production Credit at 7% per annum upto the upper limit of Rs.3 lacs on the principal amount, Government of India has formulated a scheme in consultation with other stake holders including implimented Ministry of Agriculture during 2006-07. The scheme is being since Kharif 2006, the Government is providing interest subvention of 2% per annum to Public Sector Banks, Regional Rural Banks (RRBs) and Cooperative Banks on their lending from their own resources and refinance at concessional rates to cooperative banks and RRBs on their borrowings from NABARD.

The condition for availing this refinance is that Cooperative Banks provide crop loans upto Rs. 3.00 lakh per borrower at a rate of interest of 7% per annum.

(c) The credit flow to the agriculture and allied sector in the country during the years, 2005-06 and 2006-07 has been Rs.1,80,486 crore and Rs. 2,03,297 crore respectively. Of this, the banks have disbursed Rs. 15,980 crore and Rs. 19,344 crore respectively in Andhra Pradesh.

(d) Banks have been instructed to achieve financial outreach through provision of a General Credit Card to households, opening "No Frills" accounts with limited overdraft facilities, to extend financial outreach by utilizing services of Civil Society Organisation like Farmers Clubs, NGOs, Post Offices as Business Facilitator/Business Correspondent Model. Besides, banks are lending to groups through the mechanism of Self Help Groups, Joint Liability Group and Tenant Farmers Groups.

Simplification of Transfer of deceased accounts

347. SHRI TARIQ ANWAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that in case of death of a sole account holder, payment from account is made to the successor after a long documentation or on the basis of succession certification;

(b) if so, the details thereof; and

(c) what steps Government would take to simplify the procedure?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Reserve Bank of India (RBI) has observed, that the complex procedures, applicable to settlement of claim of a deceased depositor, cause considerable distress to family members. To simplify the process of settlement of claims of deceased depositors, RBI has advised banks to, *inter alia*, ensure the following:-

(i) While making payment to the survivor(s)/nominee(s) of the deceased depositor, banks should desist from insisting on production of succession certificate, letter of administration or probate, etc.,